

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6726**

**BILL NUMBER:** HB 1399

**NOTE PREPARED:** Jan 22, 2009

**BILL AMENDED:**

**SUBJECT:** Gasoline Tax Distributions.

**FIRST AUTHOR:** Rep. Grubb

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**      GENERAL  
  X   DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill allocates one-ninth of the gasoline tax revenue to each county to replace property tax revenue for the county's Cumulative Bridge Fund beginning in 2010. It bases each county's share on the county's 2008 Cumulative Bridge Fund levy. The bill eliminates the County Cumulative Bridge Fund property tax levy beginning in 2010.

**Effective Date:** January 1, 2010.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** The bill would reduce state revenue by redirecting 1/9 of the gasoline tax revenue to each county Cumulative Bridge Fund to replace the loss of revenue because of the elimination of the property tax levy for the fund. The bill would reduce gasoline tax revenue to the Motor Fuel Tax Fund, the Motor Vehicle Highway Account, the Primary Highway System Special Account, and the Local Road and Street Account, that make distributions to local units by about \$61.5 M annually. Ultimately, the reduction would be about \$46.1 M for the Motor Fuel Tax Fund, \$8.5 M for the Highway Road and Street Fund, and \$6.9 M for the Local Road and Street Account.

**Background:** The FY 2008 Gasoline Tax revenue of \$553.5 M is distributed in the following manner:

- 1/9 of the total tax collected is deposited into the State Highway Road Construction and Improvement Fund (Bonding).
- 1/18 of the total tax collected is deposited into the State Highway Fund (INDOT).
- 1/18 of the total tax collected is deposited into the Gas Tax Fund for later distribution through the

- Motor Vehicle Highway Account formula (effective January 1, 2003).
- \$25 M is deposited into the Special Distribution Account, 60% of which is distributed to local units and 40% is distributed to the State Highway Fund (INDOT).
- Of the remainder, 75% is deposited into the Motor Vehicle Highway Account. The remaining 25% is deposited into the Primary Highway System Special Account, 55% of which is deposited into the Highway Road and Street Fund (INDOT) and 45% is deposited into the Local Road and Street Account.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** The bill would eliminate the property tax levy for the county Cumulative Bridge Fund and replace the revenue with state Gasoline Tax revenue. In CY 2008, 85 counties had a Cumulative Bridge Fund with levies of \$55.1 M. Seven counties, Allen, Clark, Crawford, Hamilton, Marion, Nobel, and Wells, had no Cumulative Bridge Fund in CY 2008. Clark County did have a Cumulative Bridge Fund levy in CY 2007.

The bill would distribute about \$61.5 M to counties for the Cumulative Bridge Fund.

The bill would reduce the Local Road and Street Account distribution to counties and cities and towns by about \$6.9 M. The reduction to counties would be about \$5.4 M, and the reduction for cities and towns would be about \$1.5 M.

**Background Information:** The MVHA may be used for construction, reconstruction, and maintenance. The Highway Road and Street Fund is used to support the State Highway Fund, and funds must be appropriated. The Local Road and Street Account may be used for engineering, land acquisition, construction, maintenance, resurfacing, restoration, or rehabilitation.

**State Agencies Affected:** INDOT.

**Local Agencies Affected:** Counties, cities, and towns.

**Information Sources:** Department of Local Government Finance local government database, *Indiana Handbook of Taxes, Revenues, and Appropriations*, Legislative Services Agency.

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